



# **CITY OF HAYWARD**

## **AGENDA REPORT**

AGENDA DATE 05/10/05

AGENDA ITEM 2

WORK SESSION ITEM       

**TO:** Mayor and City Council

**FROM:** Director of Community and Economic Development

**SUBJECT:** Downtown Business Improvement Area Annual Report, Proposed Budget for FY 2005 – 2006, and Setting Public Hearing for May 24, 2005

### **RECOMMENDATION:**

It is recommended that the City Council accept the attached Annual Report and adopt the attached resolution setting a public hearing for May 24, 2005.

### **BACKGROUND:**

Hayward's Downtown Business Improvement Area ("DBIA") was established by the City Council in 1984. The DBIA's purpose is to promote the economic revitalization and physical improvement of the downtown business district and to attract new business to the downtown.

The DBIA's boundaries are shown on Attachment 1 of Exhibit A. This area includes more than 500 holders of Hayward business licenses. Within it are three benefit zones, each with different levy rates. State law requires that levy rates relate to the amount of benefit derived by the businesses being assessed. Zone 1A, which was adopted by City Council in FY 2001-2002, is in the downtown core and has the highest rates, followed by Zone 1 and Zone 2.

The DBIA Advisory Board's Annual Report and budget recommendations are attached to this report as Exhibit A. The Annual Report is mandated by the state enabling legislation, and it is required to discuss a variety of topics concerning boundaries, levy rates, business classifications, recommended funding from the DBIA levy and other sources, and recommended activities to be paid for from the DBIA budget.

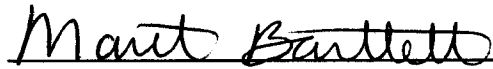
The Annual Report and FY 2005-2006 budget recommendations reflect careful deliberation by the DBIA Advisory Board about how to best utilize the modest sums raised through the levy. The amount budgeted for fee revenue from the levy has been increased from \$50,000 to \$55,000 as a result of growing collections as more new businesses locate in within the downtown business district. The contribution from the Redevelopment Agency remains at \$35,000. It should also be acknowledged that the Redevelopment Agency makes a significant non-cash contribution to the DBIA in the form of administrative staff support. Finally, a transfer of \$10,000 in reserve funds is included in order to balance the budget.

The resulting annual budget totals \$100,000, an increase of \$15,000 over 2004-05. This increase is necessary to cover the cost of publishing an updated Directory of Downtown Businesses and adding a fourth Summer Street Party.

DBIA activities have generally focused on special events and promotional campaigns to improve the downtown's image, and to attract potential customers to the area. Activities during the past fiscal year included three summer evening street parties which have continued to grow in scope and attendance each year, as well as the annual "Light Up the Season" event. In addition, a new set of downtown banners, which was funded in the previous fiscal year, is currently under design. The proposed FY 2005-2006 budget continues to focus on maintaining the appearance of the downtown business district and improving the quality of the events with special emphasis on attractions for people of all ages and cultures.

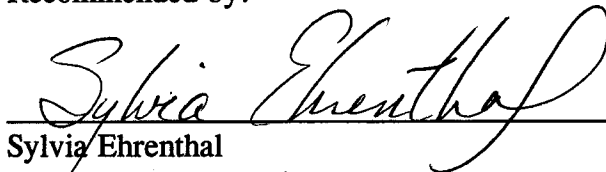
Staff recommends that the City Council adopt the attached resolution to accept the annual report and budget for FY 2005-2006, and to set a public hearing date of May 24, 2005, to consider the 2006 annual DBIA levy.

Prepared by:



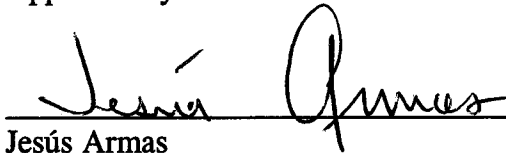
Maret Bartlett  
Redevelopment Director

Recommended by:



Sylvia Ehrenthal  
Director of Community and  
Economic Development

Approved by:



Jesús Armas  
City Manager

Attachments: Exhibit A- DBIA Annual Report and Proposed Budget for FY 2005-06  
Resolution

## **EXHIBIT A**

### **DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR 2005-06**

#### **Background:**

The Downtown Business Improvement Area (DBIA) was established in 1984. State law requires that an Advisory Board appointed by City Council submit an Annual Report identifying the activities, budget, boundaries and proposed assessments to businesses within the Improvement Area. The report may propose changes, including such items as the boundaries or benefit zones within the area, the basis and method of levying the charges, and any changes in the classification of businesses. The City Council may approve the report as submitted by the Advisory Board or may modify any particular item contained in the report and approve the report as modified.

#### **Statement of Activities and Accomplishments for Fiscal Year 2004-05:**

##### Fiscal Year 2004-05 BIA Revenues

The DBIA's activities during the current fiscal year were funded by business improvement area assessments, contributions from the Redevelopment Agency, and carry-over amounts from prior fiscal years. The sources of funding for the fiscal year 2004-05 are:

1.	BIA assessments	\$50,000
2.	Redevelopment Agency	\$35,000
	<b>Total Revenues FY 2004-05</b>	<b>\$85,000</b>

##### Fiscal Year 2004-05 DBIA Activities and Expenditures

DBIA activities during this fiscal year included the coordination and promotion of public events including three (3) Thursday Night Summer Street Parties, and the very successful annual "Light up the Season" event in early December. Other DBIA activities included the funding of downtown sidewalk cleaning efforts, promotional publications including four (4) newsletters for BIA members and the public, and the pending purchase of a new custom set of banners to be rotated with existing three sets in the banner program. All major activities planned for FY 2004-05 have been or are anticipated to be accomplished by the end of the fiscal year.

During the fiscal year 2004-05, the DBIA budgeted funds in the following manner:

1.	Summer Street Parties	\$21,000
2.	"Light Up the Season"	\$17,000
3.	Banner Maintenance & Rotation	\$12,000
4.	Publications	\$23,000
5.	Sidewalk Cleaning	\$11,000
6.	Carry Over to Reserve Fund	<u>\$ 1,000</u>
	<b>Total Budget 2004-05</b>	<b>\$85,000</b>

#### **Annual Report for Fiscal Year 2005-06:**

The Annual Report will address the following six topic areas:

1. Proposed BIA Boundary Changes during FY 2005-06

The Advisory Board is proposing no changes to the boundaries at this time.

2. Summary of BIA Activities, Revenues and Expenditures

The DBIA's activities for fiscal year 2005-06 will be funded through annual business improvement area assessments, a contribution from the Redevelopment Agency, and a modest transfer of reserve funds. The anticipated funding amounts for fiscal year 2005-06 are:

1.	DBIA assessments (projected)	\$55,000
2.	Redevelopment Agency	\$35,000
3.	Transfer from reserves	<u>\$10,000</u>
	<b>Total Budget Amount (FY 2005-06)</b>	<b>\$100,000</b>

For FY 2005-06, the projected revenue from DBIA assessments has been increased to \$55,000, and funding from the Hayward Redevelopment Agency remains at \$35,000. Staff will continue to monitor revenue increases in the upcoming fiscal year to determine whether further annual increases in revenue should be projected.

As with prior years, the DBIA Advisory Board proposes to utilize its funds for activities that generate the greatest return with the limitations of a modest budget. The Advisory Board proposes to expend the funds on special events, promotional materials and publications, and sidewalk cleaning/maintenance efforts. Overall, the proposed budget for FY 2005-06 is \$15,000 more than the previous year to cover the publication of an updated Downtown Business Directory and the addition of a fourth Summer Street Party. The increased cost for Downtown Business Directory is a non-recurring expenditure of approximately \$14,000 that will be paid for through a combination of increased revenue from assessments and a transfer of \$10,000 in reserve funds. The

BIA currently has an undesignated fund balance of approximately \$75,000. During the coming year the Advisory Board will be looking at new opportunities to promote the downtown. At this time, however, it is anticipated that such activities will not take place until FY 2006-07.

Given the goals expressed, the DBIA Advisory Board recommends the allocation of the fiscal year 2005-06 funds for the following activities and items:

- Summer Street Parties \$23,600

The Summer Street Parties are organized by the Hayward Chamber of Commerce under contract to the DBIA. Proposed funding for the evening street parties, which take place in June, July, and August, has been adjusted slightly upward from the 2004-05 level of \$21,000. As these events have grown in scale and popularity since they were introduced five years ago, the Chamber as well as DBIA Advisory Board members believe that a fourth event would also be successful and well received by the community. The funding for these events, therefore, would be increased over last year in order to add a fourth street party, to be held in September. The marginal cost of adding this event is just \$2,600 due to economies of scale.

- "Light Up The Season" \$18,000

Proposed funding for this event has been increased by \$1,000 to cover the cost of printing promotional fliers to be distributed through Hayward schools in an effort to increase awareness and attendance of the event, particularly among schoolchildren.

- Banners Rotation & Maintenance \$11,000

There are presently three sets of banners for hanging on street poles in the downtown as follows: patriotic banners from Memorial Day through Veterans Day, holiday banners from Thanksgiving Day through New Year's Day, and welcome/rediscover downtown Hayward banners from January to Memorial Day. All of the banners have been replaced within the past four years. In addition, the DBIA Advisory Board budgeted \$16,000 in FY 2003-04 to purchase a fourth set of banners to be used in the rotation. Staff and DBIA members are currently working with the banners company, Sierra Display, on the design of the new set of custom banners for the downtown. The cost of rotating and storing all four sets of banners is budgeted at \$11,000. This item has been revised slightly downward compared to the \$12,000 budgeted in 2004-05 to more accurately reflect actual costs.

- Publications \$36,400

The DBIA Advisory Board proposes to continue with the four newsletters that are mailed to businesses in the DBIA. In addition, there are two tabloids published during

the year in the Daily Review to promote downtown events. One is published for Light up the Season and the second will be published to kick off the Summer Street Parties. The budget for this line item has been increased by \$13,400 over the FY 2004-05 level in order to cover the cost of publishing and distributing approximately 25,000 copies of an updated Downtown Business Directory covering the entire DBIA.

- Sidewalk Cleaning \$11,000

The sidewalk cleaning budget remains at \$11,000.

3. Proposed Budget Expenditures 2005-06

1.	Summer Street Parties	\$23,600
2.	"Light Up the Season"	\$18,000
3.	Banners - Maintenance & Rotation	\$11,000
4.	Publications	\$36,400
5.	Sidewalk Cleaning	<u>\$11,000</u>
	<b>Total Proposed Budget 2005-06</b>	<b>\$100,000</b>

4. Proposed Method and Basis for Levying DBIA Assessments

The DBIA zones and levy (fee structure) are indicated on Attachment 1 of this report.

No changes are proposed at this time.

5. Contributions from other Sources

Other proposed sources of contributions for FY 2005-06 include \$35,000 from the Hayward Redevelopment Agency, and a transfer of \$10,000 from reserves.

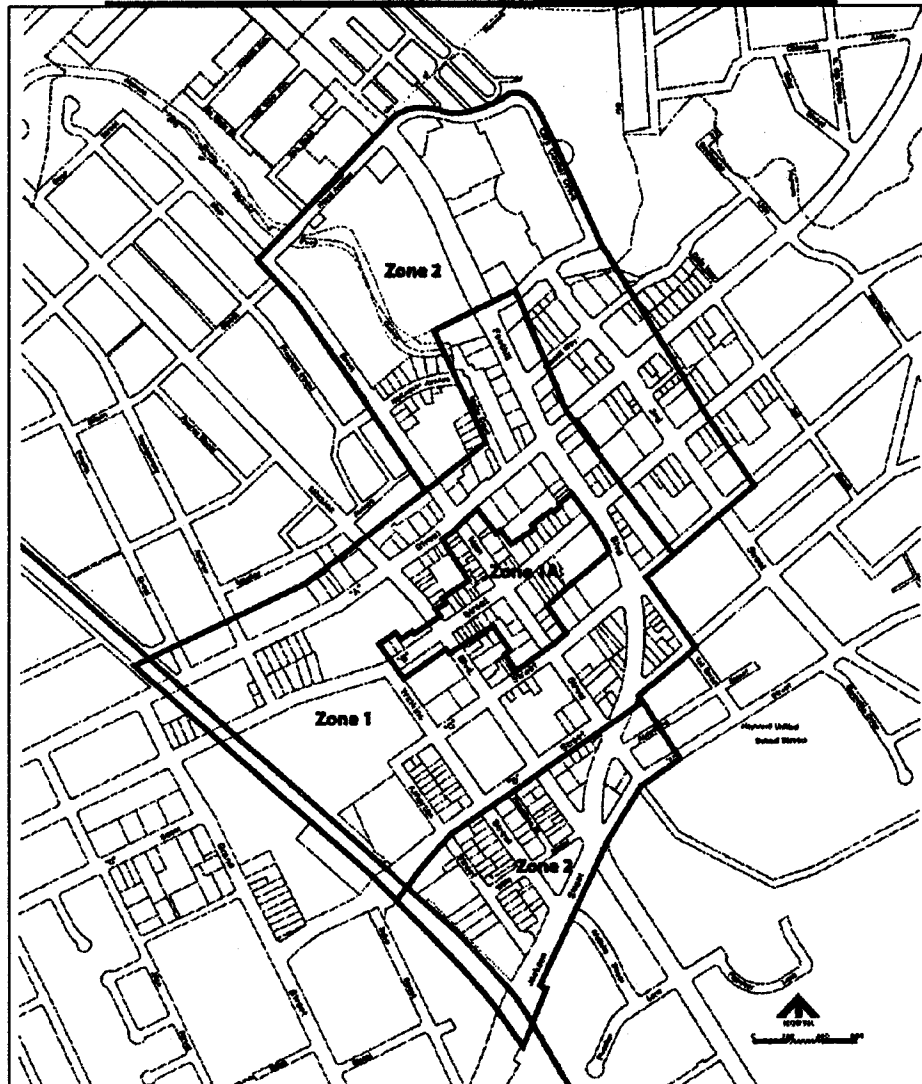
6. Closing Statement of the Board

The DBIA Advisory Board looks forward to continued progress and cooperation with the downtown merchants and the City of Hayward in the upcoming year.

Attachment 1: DBIA Zones and Fee Structure

## ATTACHMENT 1

### DOWNTOWN HAYWARD BIA CURRENT ZONES



### BIA FEE STRUCTURE

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in Zone 1A shall pay a flat fee of \$125.00 per year. Zone 1 is a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in Zone 1A shall pay a flat fee of \$325.00 per year. Zone 1 is a flat fee of \$200.00 per year.

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in Zone 2 shall pay a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in Zone 2 shall pay a flat fee of \$200.00 per year.

All businesses classified as RETAIL shall pay an assessment based on the following gross receipts schedule:

GROSS RECEIPTS	ZONE 1A	ZONE 1	ZONE 2	GROSS RECEIPTS	ZONE 1A	ZONE 1	ZONE 2
Less than \$100,000	\$145.00	\$120.00	\$90.00	\$400,001 - \$ 500,000	\$355.00	\$330.00	\$250.00
\$100,001 - \$150,000	\$175.00	\$150.00	\$115.00	\$500,001 - \$ 750,000	\$425.00	\$400.00	\$300.00
\$150,001 - \$200,000	\$205.00	\$180.00	\$135.00	\$750,001 - \$1,000,000	\$495.00	\$400.00	\$300.00
\$200,001 - \$300,000	\$255.00	\$230.00	\$175.00	\$1,000,001 and up	\$525.00	\$400.00	\$300.00
\$300,001 - \$400,000	\$305.00	\$280.00	\$210.00				

# DRAFT

## HAYWARD CITY COUNCIL

RESOLUTION NO. 05-

Introduced by Council Member \_\_\_\_\_

*me*  
*4/29/05*

**RESOLUTION ACCEPTING ANNUAL REPORT AND  
DECLARING INTENTION TO LEVY ANNUAL CHARGES  
FOR THE DOWNTOWN HAYWARD BUSINESS  
IMPROVEMENT AREA FOR THE FISCAL YEAR 2005-06  
AND PROVIDING FOR NOTICE OF HEARING THEREON**

BE IT RESOLVED by the City Council of the City of Hayward, as follows:

1. On September 18, 1984, the City Council established the Downtown Hayward Business Improvement Area pursuant to section 36500 et seq. of the Streets and Highways Code of the State of California, which was commonly known as the Parking and Business Improvement Area Law of 1979 and, as now codified, is commonly known as the Parking and Business Improvement Law of 1989.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 2005 to June 30, 2006, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36533 of the California Streets and Highways Code, which report, on file in the office of the City Clerk, is hereby accepted by the City Council. Said report may be referred to for the particulars as to the detailed descriptions of improvements and activities to be provided, the charges to be levied, the benefit zones within the area, the proposed charges to be levied on businesses, and the exact boundaries of the area.
3. It is the intention of the City Council to levy and collect the charges within the Downtown Hayward Business Improvement Area for the fiscal year 2005-06 as set forth in the annual report or such report as hereafter modified. The charges may be used for parking facilities serving the area, decoration or music or advertising public events in public places in the area, and to promote business activities in the area. The area is generally described on the map attached hereto as Exhibit "A".
4. Notice is hereby given that Tuesday, May 24, 2005, at the hour of 8:00 p.m., in the regular meeting place of this City Council, 777 B Street, Hayward, California, a hearing will be held on the question of the levy of the proposed charges, at which time written and oral protests may be made in compliance with sections 36524 and 36525 of the Streets and Highways Code.



5. The City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution in The Daily Review, a newspaper published and circulated in the City of Hayward, at least seven days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward